

# State of South Dakota

SEVENTY-SIXTH SESSION  
LEGISLATIVE ASSEMBLY, 2001

961E0451

## HOUSE BILL NO. 1094

Introduced by: Representatives Broderick, Brown (Jarvis), and Madsen and Senators  
Diedrich (Elmer), Diedrich (Larry), and Hutmacher

1 FOR AN ACT ENTITLED, An Act to revise certain provisions relating to credit card coverages  
2 of group personal property and to declare an emergency.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. That § 58-19-1 be amended to read as follows:

5 58-19-1. The purpose of this chapter is to promote the public welfare by regulating credit  
6 life insurance, credit health insurance, ~~and~~ credit unemployment insurance, and credit property  
7 including group personal property coverages authorized through credit cards. Nothing in this  
8 chapter is intended to prohibit or discourage reasonable competition. The provisions of this  
9 chapter shall be liberally construed.

10 Section 2. That § 58-19-2 be amended to read as follows:

11 58-19-2. Terms used in this chapter mean:

12 (1) "Credit health insurance," insurance on a debtor to provide indemnity for payments  
13 becoming due on a specific loan, lease, or other credit transaction while the debtor is  
14 disabled as defined in the policy;

15 (2) "Credit life insurance," insurance on the life of a debtor pursuant to or in connection

1 with a specific loan, lease, or other credit transaction;

2 (3) "Creditor," the lender of money or vendor or lessor of goods, services, or property,  
3 rights or privileges, for which payment is arranged through a credit transaction, or any  
4 successor to the right, title, or interest of any such lender, vendor, or lessor, and an  
5 affiliate, associate, or subsidiary of any of them or any director, officer, or employee  
6 of any of them or any other person in any way associated with any of them;

7 (4) "Debtor," a borrower of money or a purchaser or lessee of goods, services, property,  
8 rights, or privileges for which payment is arranged through a credit transaction;

9 (5) "Indebtedness," the total amount payable by a debtor to a creditor in connection with  
10 a loan, lease, or other credit transaction;

11 (6) "Group property and casualty insurance authorized by credit card," forms of property  
12 and casualty insurance issued on a group basis covering:

13 (a) Loss of or damage to personal property, other than loss of use or loss resulting  
14 from a defect in materials or workmanship, where such personal property is  
15 purchased using a credit card;

16 (b) Loss of, damage to or loss of use of personal property resulting from a defect  
17 in materials or workmanship, where the personal property is purchased using  
18 a credit card and is under warranty;

19 (c) Loss of or damage to a lease or rented motor vehicle, that is intended to be  
20 rented or leased for a period of ninety consecutive days or less, where the lease  
21 or rental fee is paid using a credit card;

22 (d) Loss of, or damage to or loss of use of baggage and its contents while in  
23 transit, where the cost of travel or accommodations is paid using a credit card;

24 (e) Loss of damage to or loss of use of personal property occurring in connection

with use of a leased or rented motor vehicle, which motor vehicle is intended to be rented or leased for a period of ninety consecutive days or less, where the lease or rental fee is paid using a credit card;

(f) Loss incurred in connection with the unauthorized use of a credit card; or

(g) Such other forms of property and casualty insurance that are authorized by the director of the Division of Insurance by rule promulgated pursuant to chapter 1-26 and determined to be appropriate for issuance on a group basis.

Section 3. That chapter 58-19 be amended by adding thereto a NEW SECTION to read as follows:

Any group property and casualty insurance authorized by credit card is subject to the provisions of this chapter to the extent such provisions are not inconsistent with the specific provisions of §§ 58-19-48 to 58-19-50, inclusive.

Section 4. That chapter 58-19 be amended by adding thereto a NEW SECTION to read as follows:

Group property and casualty insurance authorized by credit card shall be sold separately and shall be separately priced from any other insurance offered or sold at the same time unless it is included as part of an insurance offering by a credit card issuer. Group property and casualty insurance authorized by credit card may not be required as a condition for the issuance or renewal of a credit card.

Section 5. That chapter 58-19 be amended by adding thereto a NEW SECTION to read as follows:

All group property and casualty insurance authorized by credit card insurance policies, certificates of insurance, notices of proposed insurance, applications for insurance, endorsements and riders delivered or issued for delivery in this state and the schedules of premium rates

1     pertaining thereto shall be filed with the director.

2             Section 6. That chapter 58-19 be amended by adding thereto a NEW SECTION to read as  
3     follows:

4             Within thirty days after the filing of any group property and casualty insurance authorized  
5     by credit card insurance policy, certificate of insurance, notice of proposed insurance, application  
6     for insurance, endorsement or rider, the director shall disapprove any such form if the premium  
7     rates charged or to be charged are excessive in relation to benefits, or if such form contains  
8     provisions which are unjust, unfair, inequitable, misleading, deceptive, or encourage  
9     misrepresentation of the insurance, or are contrary to any provision of this title. If such filing is  
10    not disapproved by the director within this thirty-day period, it shall be deemed approved.

11            Section 7. Whereas, this Act is necessary for the immediate preservation of the public peace,  
12    health, or safety, an emergency is hereby declared to exist, and this Act shall be in full force and  
13    effect from and after its passage and approval.